

STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

EAST SIDE CHARTER SCHOOL
STUDENT ACCOUNTING AND
ENROLLMENT

AGREED-UPON PROCEDURES ENGAGEMENT

SEPTEMBER 30, 2007

FIELDWORK END DATE: FEBRUARY 19, 2008

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Independent Accountant's Report
on Applying Agreed-Upon Procedures

The Honorable Valerie A. Woodruff
Secretary
Department of Education
Townsend Building, Suite 2
401 Federal Street
Dover, DE 19901-3639

David Distler
Executive Director
East Side Charter School
3000 North Claymont Street
Wilmington DE 19802

Dear Secretary Woodruff and Mr. Distler:

We have performed the procedures enumerated below, which were agreed to by the Department of Education (DOE) and East Side Charter School (the School), solely to assist the specified parties in evaluating the School's compliance with laws and regulations in regard to Student Accounting and Enrollment as of September 30, 2007. School management is responsible for the School's compliance with those requirements.

This agreed-upon procedures engagement was performed in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States and the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures were as follows:

1. Determine if the Charter School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.
2. Determine if the Charter School properly reported enrollment figures to the DOE. Calculate the dollar impact of disallowed students, if applicable.
3. Select 10 percent (10%) or a minimum of five "Individualized Education Program" (IEP) files at the Charter School and verify that each file contains the required documentation in accordance with the DOE's Administrative Manual for Special Education Services. Calculate the dollar impact of disallowed services, if applicable.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with specified laws. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the DOE and the School and is not intended to be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. This report, as required by statute, was provided to the Office of the Governor, Office of the Controller General, Office of the Attorney General, Office of Management and Budget, and the Department of Finance.

R. Thomas Wagner, Jr., CFE, CGFM, CICA
Auditor of Accounts
Office of Auditor of Accounts

February 19, 2008

SCHEDULE OF FINDINGS

Procedure #1

Determine if the Charter School's policies and procedures for preparing, reviewing, and reporting the September 30th student count are adequate.

Finding #1

Criteria

The State of Delaware *Budget and Accounting Policy Manual* states, "Department or agency heads are responsible for establishing and maintaining an effective system of internal control." Additionally, the manual states, "Internal control provides management with reasonable assurance that it's policies and procedures are implemented and consistently followed to ensure efficient and effective organization operation." Further, the manual states, "A well designed system of controls must include written policies and procedures to ensure that each control objective is met."

Condition

East Side Charter School's policies and procedures lack certain criteria to make them effective.

Cause

The School's new administration is currently revising their policies so that they are accurate and complete.

Effect

Inadequate policies could result in an inaccurate September 30th student count.

Recommendation

East Side Charter School should update their policies and procedures to include:

- Documentation to be maintained for "no shows" (example: log sheet of all calls and when they were taken off the attendance roll).
- Identification of the person responsible for filing the paperwork for transferred students.
- A policy addressing the admittance and reporting of four year olds.
- IEP files - Documentation requirements, stated review schedule for updating IEP information, identification of the person responsible for verifying the IEP matches what is reported to DOE.
- Re-engineering policy.
- Documentation to be maintained to support the enrollment of the following types of students: Homebound, Homeless, and Absent due to Suspension.

Auditee Response

On March 18, 2008, the charter school's unit count team met with the auditors to review and submit an updated Policies and Procedures Manual for Unit Count. All the recommended procedures and policies noted above were addressed in the manual update.

SCHEDULE OF PRIOR YEAR FINDINGS

The following schedule summarized the prior year findings and the status of the prior year findings.

Prior Year Finding	Recommendation	Status of Prior Year Finding
<p>The School does not have sufficient written internal policies and procedures governing the preparation, review, and reporting of the September 30th student count.</p>	<p>The School should further develop and implement in-house written policies and procedures governing the preparation, review, and reporting of the September 30th student enrollment figures to DOE. These policies and procedures should incorporate information such as:</p> <ul style="list-style-type: none"> • Attendance taking methodology. • Verification of attendance by teachers and upper level administrator. • Gathering and maintaining documentation that supports attendance and reported enrollment figures (medical excuses, transfer/entry/withdrawal forms, homebound, placement in an alternative education setting, engineering, etc.). • How the School ensures that required information is included on IEP's (necessary signatures, goals, benchmarks, and objectives, etc.). • Reference to pertinent rules and regulations stipulated by DOE and/or Delaware Code. 	<p>Not Implemented. See current year finding.</p>

SCHEDULE OF PRIOR YEAR FINDINGS

Prior Year Finding	Recommendation	Status of Prior Year Finding
The school incorrectly reported the disability category for one fourth-grade special education student. The student was reported as Educable Mental Disability (EMD). However, the student should have been reported as a Learning Disability (LD) student.	The School review and update the records to reflect the correct disability category. In the future the School report special education students based on the level of special education service as defined by the current IEP.	Implemented.

Status Key:

Implemented

The concern has been addressed by implementing the original or an alternate corrective action.

Not Implemented

The corrective action has not been initiated.

Partially Implemented

The corrective action has been initiated but is not complete and the auditor has reason to believe management fully intends to address the concern.

DISTRIBUTION OF REPORT

Copies of the School's Agreed-Up On Procedures Engagement have been distributed to the following public officials:

Executive Branch

The Honorable Ruth Ann Minner, Governor, State of Delaware
The Honorable Richard S. Cordrey, Secretary, Department of Finance
The Honorable Jennifer W. Davis, Director, Office of Management and Budget
The Honorable Valerie Woodruff, Secretary, Department of Education
Ms. Dorcell Spence, Associate Secretary, Finance and Administrative Services, Department of Education
Ms. Trisha Neely, Director, Division of Accounting, Department of Finance

Legislative Branch

The Honorable Russell T. Larson, Controller General, Office of Controller General

Other Elective Offices

The Honorable Joseph R. Biden III, Attorney General, Office of the Attorney General
The Honorable Jack Markell, Treasurer, State Treasurer's Office

Other

Mr. David Distler, Executive Director, East Side Charter School
Ms. Arianne Grant, East Side Charter School
Ms. Jane McGonegal, East Side Charter School
Ms. Dominique Taylor, East Side Charter School